



Financial Report Meetings  
May through June 2007

**Background:** A new auditing standard is in effect for this year's annual financial report. Auditing standards describe how an auditor performs his/her work – so this applies to the University's external auditors. The new standard describes how internal control issues are communicated to governing boards. From your experience with internal audits, you're probably familiar with the concept of "findings", but this new standard takes it a step further and categorizes findings as "significant deficiencies" and "material weaknesses". One important distinction in how a finding is communicated is "who found it first". If we find an error and correct it, that's considered an effective internal control. However, if the auditor discovers an error, it can be considered at least a "significant deficiency" since our system of internal controls over financial reporting did not detect the problem.

Confused? That's okay. To help identify potential issues, Theresa Ashman, Controller, and Steve Allen, Manager – General Accounting, will be meeting with a number of individuals across campus over the next several weeks. Meetings will be held with staff having in depth knowledge of their areas - particularly for things that might have changed during the fiscal year or that might have been unusual. These are not audits! The information we gather though, will help us prepare for the audit by better understanding things that have happened in the University that could affect the financial report. There could be situations where, after careful discussion and analysis, we may suggest an alternative accounting treatment for something that has occurred.

Our emphasis will be on the current fiscal year (July 1, 2006 – June 30, 2007) and on financial transactions. Some of the questions we'll ask include:

1. Did you implement any new processes this year that are financial in nature?
2. Did you implement any new systems that capture financial information from or pass financial information to PeopleSoft?
3. Was there any turnover in key positions involving staff responsible for financial transactions?
4. Did you change any existing processes?
5. Did you have any unusual transactions that you hadn't dealt with before?
6. Did you discover any errors that had to be corrected that were not "routine"?
7. Did you discover any errors that you decided, for whatever reason, to not correct?
8. Have you had any activity that relates to next fiscal year (2007-08)?
9. Did you implement any new programs that could have a financial impact?
10. Do you anticipate anything new for next fiscal year (2007-08)?

This is our first year for attempting something like this, so we may change the approach next year or even tweak it some as we complete the first few meetings. Aside from the benefit of assisting with the financial report, we also see this as an opportunity to meet many of the people responsible for financial activities and to open the door for them to feel comfortable using us as resources in the future.